

Message Text

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43

ACTION AF-07

INFO OCT-01 EUR-12 NEA-06 ISO-00 EB-07 COME-00 TRSE-00

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PRS-01 L-02 INT-05 /090 W

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R 261305Z DEC 74

FM AMEMBASSY NOUAKCHOTT

TO SECSTATE WASHDC 3178

INFO AMEMBASSY ALGIERS

AMEMBASSY BONN

AMEMBASSY DAKAR

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY RABAT

AMEMBASSY ROME

C O N F I D E N T I A L NOUAKCHOTT 2027

E.O. 11652: GDS

TAGS: EFIN EINV EMIN MR GW FR US UK IT

SUBJECT: NATIONALIZATION OF MIFERMA IRON MINES

REF: (A) NOUAKCHOTT A-65 (B) NOUAKCHOTT 2022 (NOTAL)

1. IGEN TAT, FINANCIAL DIRECTOR OF SOCIETE NATIONALE INDUSTRIELLE ET MIINIERE (SNIM) AND ACTING TREASURER OF FORMER SOCIETE DES MINES DE FER DE MAURITANIA (MIFERMA), RECENTLY DISCUSSED MIFERMA-GIRM NEGOTIATIONS WITH CHARGE. FOLLOWING NATIONALIZATION OF MIFERMA, SNIM HAS BECOME NEW OWNER-OPERATOR OF IRON MINES.

2. TAT COMMENTED THAT JEAN AUDIBERT, CHAIRMAN OF MIFERMA BOARD OF GOVERNORS, ARRIVED IN NOUAKCHOTT DECEMBER 21. HIS FIRST VISIT TO MAURITANIA SINCE MIFERMA NATIONALIZATION, AUDIBERT MET INITIALLY WITH MINISTER OF PLAN AND INDUSTRIAL DEVELOPMENT. PURPOSE OF VISIT BY AUDIBERT, WHO IS EXPECTED TO BE PRINCIPAL
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MIFERMA NEGOTIATOR, IS TO GET TENTATIVE READING OF SITUATION FROM

GIRM.

3. ACCORDING TO TAT, TWO MAJOR PROBLEMS CONFRONT NEGOTIATORS: (A) SIGNIFICANT MIFERMA CLAIMS FOR COMPENSATION FOR INVESTMENTS AND REINVESTMENT OF PROFITS, E.G. NOUADHIBOU PORT IMPROVEMENTS, RAIL-ROAD FROM PORT TO MINES, MINING EQUIPMENT, ETC. AND (B) MIFERMA DEMANDS FOR COMPENSATION FOR PROVEN IRON RESERVES, ARGUING THAT CONSIDERABLE SUMS OF MONEY WERE SPENT BY COMPANY IN LOCATING ORE. INITIAL GIRM REACTION TO LATTER DEMAND HAS BEEN, "IT IS RIDICULOUS." TAT, WHO IS KNOWLEDGEABLE ABOUT SIMILAR CLAIMS MADE BY AMERICAN COPPER COMPANIES IN CHILE, FORSEES THIS PROBLEM AS ONLY SLIGHTLY LESS TROUBLESOME THAN DIFFERENCES OVER COMPENSATION FOR TANGIBLE INVESTMENTS.

4. THERE ARE, IN ADDITION, NUMBER OF LESSOR ISSUES TO RESOLVE. TAT CITED, FOR EXAMPLE, FUTURE OF MIFERMA-OWNED PROPERTIES IN FRANCE WHICH HOLD VALUE IN FRENCH FRANCS OR CFA RATHER THAN MAURITANIAN OUGUIYA. UPSHOT OF SITUATION FORETELLS COMPLICATED NEGOTIATIONS WHICH MAY DRAG ON FOR YEARS.SHINN

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